

**IOWA RACING AND GAMING COMMISSION  
MINUTES  
OCTOBER 9, 2008**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, October 9, 2008 at Catfish Bend Casino (CBC) in Burlington, Iowa. Commission members present were Greg Seyfer, Chair; Diane Hamilton, Vice Chair, and members Kate Cutler and Paul Hayes. Commissioner Toni Urban was absent.

Chair Seyfer called the meeting to order at 8:30 AM and requested a motion to approve the agenda. Commissioner Hamilton moved to approve the agenda as submitted. Commissioner Cutler seconded the motion, which carried unanimously.

Chair Seyfer moved to the Welcome. Gary Hoyer, CEO of Great River Entertainment (GRE), the parent company for CBC, welcomed the Commission to Burlington. He stated that GRE and CBC are proud to be able to showcase the facilities that were opened this past summer. Mr. Hoyer distributed a summary highlighting some of the economic impact the facility has had on the local economy.

Mr. Hoyer introduced Dr. Larry Smith, Chair of Southeast Iowa Regional Riverboat Commission (SIRRC), the non-profit license holder of the CBC license. Dr. Smith also welcomed the Commission to southeast Iowa and Burlington. He indicated everyone is proud of the new facility and all of the amenities it has to offer. Dr. Smith stated that SIRRC and CBC are proud of the regional enterprise. He noted that while operations have been consolidated down to one site, it is still a regional operation; ownership of the company is held by several investors from Des Moines and Lee Counties and the surrounding area. The executive management team consists of members from the three communities – Burlington, Fort Madison and Keokuk. The 9-member SIRRC board consists of three members each from the three communities.

Dr. Smith stated the economic impact derived from employment and material procurements is also directed toward the two counties and ripples outward from there. The discretionary income payments from CBC to SIRRC are distributed regionally for the benefit of Burlington, Fort Madison and Keokuk, as well as county government in Lee and Des Moines Counties. The funds are utilized to fund a wide variety of community betterment initiatives in southeast Iowa. Dr. Smith stated that the spirit of regional cooperation is alive and well in southeast Iowa, and CBC is a fitting reminder that the local community leaders who helped formulate and develop this industry in southeast Iowa had it right – three cities and two counties can work together for the betterment of all of the citizens.

Dr. Smith also recognized the direction and leadership of the Iowa Racing & Gaming Commission in allowing southeast Iowa to be a part of the gaming industry and to reap the rewards of the exciting growth.

At this time, Dr. Smith introduced Dick Canella, a former Chair and member of IRGC. He stated that Mr. Canella had a huge role in the development of the gaming industry, and his leadership helped form the basis for many of the procedures and policies that are still in place today.

Mr. Canella stated that it was a pleasure to be able to welcome the IRGC to CBC and southeast Iowa. He stated that as a former Commissioner, he always enjoyed attending the meetings at the various facilities around the state. He pointed out that the original facilities are quite different from the beautiful facilities around the state today. These facilities reflect the successful evolution and integrity of gaming in Iowa.

Chair Seyfer thanked CBC for hosting the Commission, noting that Mr. Hoyer had given the Commission a tour of the facility the previous evening. He concurred with Mr. Canella that it was nice to be able to see the various facilities.

Chair Seyfer moved to the approval of the minutes from the August 28, 2008 Commission meeting. Commissioner Cutler moved to approve the minutes as submitted. Commissioner Hamilton seconded the motion, which carried unanimously.

Chair Seyfer called on Jack Ketterer, Administrator of IRGC, for announcements. Mr. Ketterer recognized Kathy Howard and Coette Gida, IRGC Gaming Representative and Licensing Assistant respectively at CBC. He noted that Ms. Gida would be leaving IRGC as she had accepted a full-time position with the Department of Human Services.

Mr. Ketterer provided the following information on upcoming Commission meetings:

- November 13, 2008 Commission Meeting – Stoney Creek Inn, Johnston, IA (Submissions due by October 30, 2008)
- December – No Meeting
- January 15, 2009 – Stoney Creek Inn, Johnston, IA (Submissions due by December 31, 2008)
- February – No Meeting
- March 5, 2009 – Terrible's Lakeside Casino, Osceola, IA (Submissions due by February 19, 2009)

He stated that the license renewals for the excursion gambling boat and gambling structure licenses would be on the March 5, 2009 agenda.

At this time, Chair Seyfer presented Mr. Ketterer with a service certificate for 15 years of service to the State of Iowa, and thanked him for his leadership and direction.

Chair Seyfer moved to the Rules submitted for final adoption. Mr. Ketterer advised the Commission that these rules were approved under Notice of Intended Action at the July Commission meeting. He indicated no public comment was received, nor was any input

received from the Legislative Rules Review Committee. Mr. Ketterer recommended final adoption of the rules as presented.

Hearing no discussion concerning the rules, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the final adoption of the rules as presented. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-105)

Chair Seyfer called on Isle of Capri Casino (IOC). Mr. Ketterer advised this agenda item was a follow-up from the August meeting and a meeting he had with some of the new executive management team from Isle's corporate office. He stated he wanted the Commission members to hear some of the same thoughts on strategy and direction of the company as they go forward. Mr. Ketterer noted IOC is the largest operator in Iowa with four licensed properties. Mr. Ketterer informed the Commission members that Dale Black, Chief Financial Officer, was present to address the Commission.

Mr. Black stated that it was good to be back in Iowa, noting that he had appeared before the Commission for his previous employer before a hiatus and recently joining IOC. He indicated it was his understanding there were questions posed during IOC's financial update at the previous Commission meeting that were not addressed to the Commission's satisfaction. He stated that he and Virginia McDowell, President of IOC, met with Mr. Ketterer at the Commission's office and went through some of the questions he had. Mr. Black stated that rather than anticipate what questions the Commissioners might ask, he would turn the floor over to the Commissioners for their questions.

Chair Seyfer stated that one of the questions was the availability of cash for capital expenditures. Mr. Black stated that at the end of the year last year and as they go through the current year, the availability bounces back and forth, but remains in the neighborhood of \$150-175 million of available capital under their credit facility. He indicated IOC has certain debt limitations in their covenants and credit facility, as do all gaming companies. Mr. Black stated that over the last three years, IOC has spent a significant amount of money on three large projects – one each in Florida, England and Iowa. He stated that two of the three properties have not been the greatest performing investments made by IOC. Mr. Black stated that with the changes in the corporate office, the company has undertaken the task of re-evaluating some of the ongoing capital projects and slotting those projects in as capital becomes available. He referenced the uncertain times in the credit markets, and the company's preference to not seek funding from banks. Currently, the largest capital expenditure facing the company is the rebuilding of their property in Biloxi, which was destroyed by Hurricane Katrina. IOC does have a project in mind, but will not proceed until they know when and how much they will collect from the insurance settlement, and have a better view/understanding of what is occurring with the national economy.

Chair Seyfer asked about the rebranding plans for Marquette and Davenport. Mr. Black advised that the Marquette project is underway at the present time. He stated that IOC

had a proposed project that was submitted to Davenport city leaders, who were not happy with the proposed project. Mr. Black stated they are still hopeful that the differences can be worked out so the project can move forward. He stated that it is his understanding that the Riverboat Development Authority and other community leaders have expressed support for the project. However, until city government leaders are solidly behind the project and give their approval, it is on hold and will have to be worked back into the rotation for funding.

Hearing no further questions for Mr. Black, Chair Seyfer moved to the contract approval portion of the agenda and called on Harrah's. Jeannie Magdefrau, Vice President of Finance, presented a contract with Bucky's Express for the purchase of gift cards to be used in the Total Rewards Program.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contract as submitted by Harrah's. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-106)

Chair Seyfer called on the Diamond Jo (DJ). Kim Pang, General Manager for Diamond Jo Worth, presented a contract with PAETEC for telecommunications as the company has had a name change.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contract as submitted by DJ. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-107)

Chair Cutler asked Mr. Ketterer if DJ was clear on what information the Commission was looking for at the November meeting in order to take up a contract with Progressive Gaming that is coming back before the Commission as a related party contract.

Mr. Ketterer advised that he had spoken with Curt Beason, legal counsel. The requested information will be forthcoming prior to the November meeting.

Chair Seyfer called on Diamond Jo Worth (DJW). Mr. Pang presented the following contracts for Commission approval:

- Dean Snyder Construction – Construction of a Steel Storage Building
- Shuffle Master, Inc. – Monthly Lease Payments, Specialty Games
- Young Plumbing & Heating – Maintenance Agreement for Building Environment Systems

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Chair Cutler moved to approve the contracts as submitted by DJW.

Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-108)

Chair Seyfer called on Riverside Casino & Golf Resort (RCGR). Joe Massa, General Manager, presented the following contracts for Commission approval:

- Carousel Motors – Car Giveaway Promotion
- Southeastern Golf, Inc. – Blue Top Ridge Golf Course Flood Damage Repair
- Vital Support Systems – Support Agreement/Computer Supplies & Equipment

Commissioner Cutler asked Mr. Massa if there was any insurance coverage that came into play on the contract with Southeastern Golf, Inc. to repair the flood damage to the golf course. Mr. Massa answered in the affirmative. Commissioner Cutler asked if some of the cost set forth on the contract was being offset by insurance. Mr. Massa again answered in the affirmative.

Chair Seyfer asked how the repair of the golf course was progressing. Mr. Massa advised that sod has been laid on the course and is taking hold. Seed has also been put down and grass is coming up. He indicated the weather has been just about perfect. Chair Seyfer asked when RCGR anticipated that portion of the golf course would be available for play. Mr. Massa indicated they are hopeful it will be ready by the middle of May, subject to the weather.

Hearing no further comments or questions for Mr. Massa, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by RCGR. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-109)

Chair Seyfer called on Ameristar Casino. Jane Bell, Director of Government Affairs, presented the following contracts for Commission approval:

- Hawkins Construction Company – Construction Projects
- Hartford Specialty Company – Insurance Provider

Commissioner Cutler asked about the previous coverage limitation, noting that it was being increased to \$1 million. Ms. Bell indicated that she did not know, but would find out.

Hearing no further comments or questions for Ms. Bell, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Ameristar. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-110)

Chair Seyfer called on IOC Bettendorf (IOCB). Nancy Donovan, General Manager, presented the following contracts for Commission approval:

- Neesvig's, Inc. – Provides Certified Angus Beef
- Verizon – Provides Cell Phone Service and Equipment

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by IOCB. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-111)

Chair Seyfer called on Rhythm City Casino (RC). Mo Hyder, General Manager, presented the following contracts for Commission approval:

- Ainsworth Game Technology – Provides Slot Machines and Equipment
- Sam's Club – Provides Supplies, Food and Liquor

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by RC. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-112)

Chair Seyfer called on IOC Marquette (IOCM). Barron Fuller, General Manager, presented the following contracts for Commission approval:

- Ryan Companies US, Inc. – General Contractor for Rebranding to Lady Luck
- Lawrence Fabric Structures – Replacement of Skywalk Roof
- Global Cash Access – Credit Card Advance Terminal
- Ultron Processing Service – ATM Terminals

Mr. Fuller stated that the facility will soon be known as Lady Luck Marquette. He advised that two of the contracts before the Commission today are for check cashing services and do not have a dollar value. The other two contracts are related to the rebranding of the IOCM property to Lady Luck.

Hearing no comments or questions for Mr. Fuller, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by IOCM. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-113)

Chair Seyfer called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- A to Z Enterprises – Concert Sound & Lighting Services
- Keck, Inc. – Gasoline & Diesel Fuel Purchases
- Slot Tickets – Slot Game Tickets

- Wood Roofing and Sheet Metal – Roofing Contractor

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by PMR&C. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-114)

Commissioner Cutler requested an update on the track surface. Mr. Palmer indicated he was not prepared to give an update at this time, but would do so at the November meeting.

Chair Seyfer moved to the renewal of the racetrack licenses and granting of race dates and racetrack enclosure gambling licenses and called on Iowa West Racing Association/Bluffs Run Greyhound Park and Horseshoe Casino (IWRA/BRGP/HC). Jerry Mathiasen, Executive Director of IWRA, requested the Commission's support of the license renewal application for the racetrack license at BRGP and the gambling license for Horseshoe Casino. He advised that IWRA's corroboration with Harrah's and Ameristar has been tremendous.

Mr. Mathiasen highlighted some of the projects to which IWRA has made contributions: the pedestrian bridge over the Missouri River from Council Bluffs to Omaha and a bike path that goes all the way to the Missouri border. In the casino area, there is a new IMAX theater as well as many restaurants and hotels. A monumental park project has also been taking place throughout the community. Another project supported by IWRA and the casinos was the Charles E. Lakin Human Services Campus, which opened two weeks ago. It is the only campus of its kind in America at this time. Five human services agencies are housed in the same facility. Mr. Mathiasen pointed out that the project cost \$35 million, and a private citizen from a small rural community donated \$12 million to the project. Mr. Mathiasen noted that Council Bluffs has been designated as one of Iowa's Great Places. He concluded his comments by asking for the Commission's approval of the license renewal for BRGC/HC, and introduced Bo Guidry, General Manager of the facilities.

Mr. Guidry stated that Harrah's is committed to capital reinvestment, will continue to use Iowa businesses first, community relations, supporting the greyhound industry and racing in general. Horseshoe Casino opened in 2006, and recently spent \$500,000 on improvements to the Whiskey Roadhouse Restaurant and Bar. They are currently in discussions with a third party Iowa vendor to construct a 153-room hotel, which they hope to open sometime in the fall. Harrah's is in the process of renovating the dog kennels, which will cost approximately \$700,000; they have added 95 televisions in the racing area and some slot machines.

Mr. Guidry stated that approximately 95% of Harrah's expenditures will go to Iowa vendors. Harrah's, as a company, will be spending approximately \$13 million with TPI, an Iowa printing vendor. Mr. Guidry indicated Harrah's will spend approximately \$28

million in employee compensation; and continue to focus on increasing the number of Iowa employees. He stated Harrah's has partnered with the IWRA Foundation and Iowa Western Community College, in addition to their collaboration with the food and beverage. He pointed out that several team members serve on various boards and committees throughout the community.

Mr. Guidry stated BRGP has held five \$60,000 stakes races in 2008; their \$475,000 Breeders Cup Classic is the richest stakes race in the greyhound industry. The purse supplement this year was approximately \$10 million.

Mr. Guidry submitted a contract with IKON Financial Services for a maintenance agreement for fax and copy machines.

Mr. Guidry concluded his remarks by thanking the Commission for their support and requested approval of the licenses.

Commissioner Cutler advised Mr. Guidry that the Commission would defer any decision on the tote board issue as the Commission does not have access to legal representation. The matter will be taken up at the November 13, 2008 Commission meeting.

Mr. Ketterer encouraged legal counsel for both sides to seek a resolution. He stated that one contingency on the license renewals would be the agreement by the facility to compensate Gaming Laboratories International (GLI) to test the Totalizator systems, which have been subject to some integrity questions across the nation. The cost of the testing will be the facility's responsibility. Mr. Ketterer stated that 491 IC 8.2 requires a tote system that is approved by the Commission.

Hearing no further comments or questions concerning the license renewal applications, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the renewal of the pari-mutuel and racetrack enclosure gambling licenses, the race dates, and the contracts contained within the license renewal application. She included the contingency that the renewal would be subject to the licensee reaching an agreement with GLI to cover the cost of testing the Totalizator system. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-115)

Chair Seyfer called on the Dubuque Racing Association (DRA). Jesus Aviles, General Manager, advised that Brian Carpenter, Director of Racing, was with him to answer any questions since he is new to the racing industry. Mr. Aviles stated that during his short time in Dubuque, he has been able to witness the great things that DRA and Dubuque Greyhound Park & Casino (DGP&C) have and are able to do for the community. As DRA is a non-profit, all funds not necessary for the operation of the facility are given to the city, county and various charities; Mr. Aviles advised that DRA has approximately \$14 million in payroll, contributions to the city exceed \$15 million, and another \$4-5 million goes to various charities. He stated that, in his opinion, DGP&C has done an excellent job of being a responsible corporate citizen. He requested the Commission's



approval of DRA/DGP&C's pari-mutuel license, race dates, racetrack enclosure license, and the contracts contained within the renewal application.

Mr. Aviles presented a contract with Cruzen and Associates, an executive search consulting firm.

Hearing no comments or questions for Mr. Aviles or Mr. Carpenter, Chair Seyfer asked Mr. Ketterer if the same contingency placed on BRGP would apply to the DRA/DGP&C licenses. Mr. Ketterer answered in the affirmative.

Mr. Ketterer asked Mr. Aviles if DRA/DGP&C had paid \$14 million to the city in rent and profits. Mr. Aviles stated the number could go higher as a portion of the coin-in goes to rent, and at the end of the year, depending on cash flow, there is a percentage distribution to the city, charities, and DRA for capital improvements. Mr. Ketterer asked if the breakdown was 40-30-30; 40% going to the city, and 30% each to charitable organizations and capital improvements. Mr. Aviles answered in the affirmative, but added that DRA is negotiating with the city to eliminate the capital improvement portion of the distribution so that it would supersede any distribution in order to insure the funds would be available for the capital improvement plan, and then distribute the remainder between charitable organizations and the city. Mr. Ketterer asked if the capital improvement plans would be brought before the Commission for approval. Mr. Aviles answered in the affirmative. Mr. Ketterer indicated his understanding of the previous comments was that DGP&C was trying to get more capital improvement funds from the city. As the city owns the property and facility, it would be beneficial for them to agree as it would increase the value of the property. Mr. Aviles stated that as a not-for-profit, they are required to give all of the money away, meaning they have to borrow money to fund capital improvement projects. He indicated DGP&C is attempting to modify the system to try and insure \$4-5 million every year for slot renovations, facility renovations, distributions, etc. prior to distribution of excess funds. Mr. Aviles reiterated the city and DRA are still in negotiations.

Commissioner Hayes asked Mr. Aviles if he anticipated the distribution would be a multi-year allocation every year based on capital needs. Mr. Aviles indicated the lease would be a multi-year as it is used as the guarantor for any financing of major capital programs. He advised DGP&C would commence a \$10 million renovation the following week. In order to obtain the necessary funds from the bank, the lease had to be extended to the term of the loan.

Hearing no further comments or questions regarding DGP&C's license renewal, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the license renewal of the pari-mutuel racetrack license, the race dates, the racetrack enclosure gambling license, and all contracts. The motion is contingent upon DGP&C reaching an agreement with GLI to cover the costs for testing the tote system. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-116)

Chair Seyfer called on Mr. Ketterer regarding the hearings scheduled to come before the Commission. Mr. Ketterer stated that all of the hearings had been resolved through Stipulated Agreements. He indicated the first four listed on the agenda pertain to violations of the self-exclusion policy which have occurred over the past two years. Addressing violations of the self-exclusion policy was suspended during the time frame in which the IRGC and the Iowa Gaming Association were working to revise the standards for violations and penalties. Mr. Ketterer advised that the four instances before the Commission were ones where the violations met the standards previously as well as the current standards. Action on these violations will bring the Commission up-to-date on the self-exclusion violations.

Mr. Ketterer provided the following summary regarding the violation at DJW: On May 24, 2006, an individual completed the Statewide Self-Exclusion form and was added to the player tracking system. Approximately one year later, the individual entered the facility and won a jackpot. The individual completed the W2-G form, which requires presentation of ID, and was paid a taxable jackpot of approximately \$1,200. About four months later, this same individual won another jackpot of \$1,440. The cage cashier in this case did identify the individual as a self-excluded patron. The \$1,440 jackpot and \$75 credits on the machine were paid to the Gambler's Treatment Program. An investigation revealed the May 2007 payout, and in October 2007, DJW paid the \$1,200 to the Gambler's Treatment Program. Mr. Ketterer advised that DJW acknowledges the violation of Iowa Code 99F.4(22), as well as the previous and current standards in effect.

Mr. Ketterer advised that one of the elements of the new standards was that the penalty would be in the range of \$3,000 to \$20,000, with the penalty amount being determined by the Commission members at the meeting. Mr. Ketterer recommended approval of the Stipulated Agreement, with the penalty amount being at the Commissioner's discretion.

Commissioner Cutler advised that Commission members had discussed this matter, and determined that the penalty for the first violation should be the lowest amount, or \$3,000. Commissioner Hamilton concurred with Commissioner Cutler, and indicated the penalty for the second violation should be \$5,000, and \$10,000 for a third violation occurring within 365 days from the first violation.

Hearing no further discussion regarding penalty amounts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the first Stipulated Agreement between IRGC and DJW with an administrative penalty of \$3,000.00. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-117)

Mr. Ketterer moved to the next Stipulated Agreement with DJW and provided this synopsis: On September 29, 2006, an individual completed the Statewide Self-Exclusion form, and was added to player tracking system approximately one week later. Approximately one year later, the same individual won a taxable jackpot in the amount of \$1,484, and completed the necessary W2-G form. The next day the individual won a taxable jackpot of \$3,000, and completed the same form. In both instances, she received

the money. Eight months later, the same individual won another taxable jackpot of \$1,774. This time the individual was identified as a self-excluded individual by the cashier and did not receive the jackpot or the credits of \$150.75 on the machine. These amounts were paid to the Gambling Treatment Program. The individual admitted to having received the previous two jackpot payouts. An investigation by DJW staff uncovered those payments, and in June 2008, DJW paid \$4,484 to the Iowa Gambling Treatment Program. Mr. Ketterer stated that DJW acknowledges the violation of Iowa Code Section 99F.4(22) and the standards previously and currently in effect for this type of violation. Mr. Ketterer recommended approval of the Stipulated Agreement with a penalty in the amount of \$3,000 to \$20,000.

Hearing no further discussion concerning the Stipulated Agreement, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the second Stipulated Agreement between IRGC and DJW as submitted with an administrative penalty of \$5,000. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-118)

Mr. Ketterer moved to the Stipulated Agreement with Rhythm City (RC) and provided the following summary: An individual completed the Statewide Self-Exclusion form on April 10, 2006 and was added to RC's player tracking system. Just over two years later, the individual entered the facility and won a taxable jackpot in the amount of \$1,530.80. The individual was identified as an excluded individual and the jackpot was paid to the Iowa Gambling Treatment Program. Further investigation determined that RC had not uploaded the individual's information to the Iowa Gaming Association, which would have allowed this individual to participate in gambling activity around the state without any consequence from April 10, 2006 through July 11, 2008. Mr. Ketterer advised that IOC Davenport and RC acknowledge the violation of Iowa Code §99F.4(22), as well as previous and current standards in effect regarding self-excluded patrons. Mr. Ketterer recommended approval of the Stipulated Agreement, with the penalty to be determined by the Commission.

Hearing no comments or questions concerning the Stipulated Agreement, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the Stipulated Agreement with RC as presented with a \$3,000 administrative penalty. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-119)

Mr. Ketterer moved to the Stipulated Agreement with Iowa West Racing Association/Horseshoe Casino (IWRA/HSC) and provided the following summary: An individual completed the Statewide Self-Exclusion form on October 16, 2006 at Ameristar Casino. His information was added to HSC's database on November 5, 2006 with the designation "gaming prohibited." In July 2007, the individual won a taxable jackpot in the amount of \$1,289. After conducting a partial name search and obtaining no results, the cashier created a new account for the individual. Just a few hours later, the individual won a second jackpot in the amount of \$2,221. On September 8, 2008, the individual again entered HSC and won another taxable jackpot in the amount of \$2,578.

Facility staff involved in the process identified the individual as a self-excluded person and did not pay out the jackpot. The jackpot and a fast cash ticket in the amount of \$67.20 in the individual's possession were paid to the Iowa Gambling Treatment Program. The individual advised that he had previously collected two jackpots. Upon further investigation, the payouts were discovered. IWRA/HSC paid \$3,510 to the Iowa Gambling Treatment Program on November 6, 2007. Mr. Ketterer stated that IWRA/HSC acknowledges the forgoing is a violation of Iowa Code §99F.4(22) as well as the standards previously and currently in effect. Mr. Ketterer recommended approval of the Stipulated Agreement as submitted and an administrative penalty in the range of \$3,000 to \$20,000.

Commissioner Hamilton asked if the individuals who had wrongfully received jackpot payouts were required to repay the funds. Mr. Ketterer advised that the facilities can try to collect the funds from the individual, but it is the facility's responsibility to pay those funds to the Iowa Gambling Treatment Program. Commissioner Cutler asked Mr. Massa if he had attempted to collect wrongfully paid funds at one point. Mr. Massa answered in the affirmative. When asked the outcome, Mr. Massa stated that the individual had disappeared.

Hearing no further comments or questions concerning the Stipulated Agreement, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Stipulated Agreement with IWRA/HSC as submitted with an administrative penalty of \$3,000. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-120)

Mr. Ketterer moved to the next Stipulated Agreement between IRGC and Harvey's Iowa Management Company/Harrah's Council Bluffs (Harvey's/Harrah's) and provided the following summary: A reservation was made for a company party on July 10, 2008. Harrah's marketing staff received a request to add twelve \$25 chips to the company's bill at the steakhouse at the end of the evening. The request was approved by the food and beverage director. On July 9<sup>th</sup>, marketing staff notified the 360 Steakhouse manager of the company's request. On July 10<sup>th</sup>, the Steakhouse supervisor and her manager proceeded to the cage to obtain the \$300 in chips. The chips were given to the party's server who in turn gave them to the host of the party towards the end of the meal. The manager entered the chips as an open item in the facility's micros system and typed in the description "Poker Chips". The server handled the closing out of the bill, which was paid for with a credit card. Mr. Ketterer advised that Harrah's acknowledges the violation of Iowa Code § 99F.9(6), which states in part "... a licensee shall not accept a credit card to purchase coins, tokens or other forms of credit to be wagered on gambling games. ...". As a result of this violation, Harvey's has agreed to pay an administrative penalty in the amount of \$10,000. Mr. Ketterer advised the Commission that the penalty was consistent with a similar violation that occurred at PMR&C approximately four years ago in which the Commission approved a \$10,000 fine. In that case, a group received an amount of pari-mutuel vouchers for which they were eventually billed at the end of the month.

Hearing no further comments or questions, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Stipulated Agreement with Harvey's/Harrah's. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-121)

Mr. Ketterer moved to the last two instances which involve PMR&C and underage gambling violations. The first instance occurred on July 30, 2008 when an underage male proceeded to the elevator and exited on the second floor. Surveillance tapes show the security officer noticed the individual but failed to request identification, allowing the individual to enter the gaming floor unchallenged. Surveillance coverage shows the individual wearing a wristband. The individual bought in at a blackjack table and gambled for the next hour and forty minutes. He had multiple contacts with table games personnel, but was never asked for identification. At one point the individual sat at a different blackjack table and drank a beer while watching others gamble. A half hour later, he returned to the same blackjack table and played for approximately thirty minutes. At one point, the individual left the table games area and the gaming floor and went down the stairs to the ATM. He walked back up the stairs and onto the gaming floor, again without being challenged. Upon sitting down at a blackjack table, the pit manager asked for identification. The underage male lifted his arm with the wristband to indicate he was of age; however, the wristband belonged to another individual and the table games manager knew it was not this individual. At that point, he was turned over to law enforcement. PMR&C acknowledges the above constitutes a violation of Iowa Code § 99F.9(5). Mr. Ketterer noted that the recommended penalty for this violation would be \$20,000.00.

Hearing no comments or questions, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Stipulated Agreement between IRGC and PMR&C as submitted with an administrative penalty of \$20,000.00. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-122)

Mr. Ketterer moved to the final hearing before the Commission, another underage violation at PMR&C. On August 12, 2008, an underage female entered PMR&C through the main entrance and proceeded up the escalator to the second floor. The posted security officer failed to request identification, allowing the individual to enter the gaming floor unchallenged. She eventually proceeded to a slot machine and played for approximately 20 minutes. After cashing out her tickets, she walked to the south crossover where she was stopped and asked for identification. While reviewing the identification, the security officer noted she was underage and she was escorted off the floor. Mr. Ketterer stated that PMR&C again acknowledges a violation of Iowa Code § 99F.9(5). He advised that this is the first occasion the Commission has had a licensee with three violations of the statute within a 365 day period. Mr. Ketterer stated there is some inconsistency in some comments made in the minutes as to whether the appropriate penalty for the third offense should be \$30,000 or \$40,000. Mr. Ketterer recommended approval of the Stipulated Agreement with an administrative penalty of \$30,000.

Mr. Ketterer advised the facilities that if they desired to address the Commission regarding the above violations, they were welcome to do so.

Hearing no comments or questions concerning the last Stipulated Agreement, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the Stipulated Agreement as submitted with an administrative penalty of \$30,000. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-123)

Chair Seyfer asked if there were any facility representatives that wished to address the Commission. Mr. Hyder again acknowledged the facts and circumstances that lead to the incident, but stated the facility has instituted specific checks and balances in order to insure compliance.

Mr. Palmer acknowledged the facts and circumstances of the violations. He advised PMR&C is constantly doing due diligence, noting they were fined earlier in the year. Mr. Palmer introduced Clint Pursley, Director of Security, who commenced his comments by noting that PMR&C takes underage gambling very seriously. They hope to successfully prosecute underage gamblers and get the word out within the community that if underage individuals do come to the facility there could be consequences for their actions. PMR&C has also attempted to alleviate the problem with consistent, on-going training that involves almost every staff member of the facility. Mr. Pursley indicated that once live racing has concluded for the year, PMR&C is going to restrict access to the Club House to those 21 and over in an effort to minimize other avenues through which underage individuals are able to gain access to the gaming floor, as well as some physical modifications to the layout of the gaming floor. Recently, PMR&C has increased the age requirement for when staff is to be requesting identification from 30 to 40 years of age.

Commissioner Hayes asked Mr. Pursley if PMR&C keeps track of the number of individuals that are stopped from gaining access to the floor. Mr. Pursley answered in the affirmative, noting that he had put together a few numbers. From January through September of this year, average attendance was 192,000, and they requested identification from approximately 17,500 in a given month, or 9.1 percent of attendance. Out of those numbers, the amount of incidents that resulted in violations and sanctions by the Commission were 0.000003 (three ten-thousandths of one percent). Mr. Pursley stated that PMR&C's staff does try extremely hard and does maintain a diligent effort.

Commissioner Hayes asked Mr. Pursley how many of those 9-10% that were turned away at the gate were underage. Mr. Pursley indicated approximately one-third, but stated individuals could be turned away for a number of reasons – the ID was unreadable, no ID, or because they are underage. He noted this becomes more of an issue during the live race meets as some neighboring states allow pari-mutuel wagering at the age of 18, which causes some confusion for those people traveling to Iowa to race.

Mr. Aviles advised the Commission that the violations set forth in the Stipulated Agreements occurred during his tenure as general manager at DJW. He stated that it is very difficult to identify all of the people that have availed themselves of the self-ban

process since there is no biometric system to identify them. He indicated it is only in the event that the individual wins a jackpot that the facilities are given that opportunity to identify them. He stated that he felt Mr. Pang, the new general manager, has put additional safeguards in place in an attempt to prevent those individuals from gaining access to the facility.

Chair Seyfer moved to Administrative Business – a committee report on the status of the RFP process regarding the study to identify any underserved gaming markets in Iowa. He noted that the Commission received four proposals, which have been distributed to the Commission members for review. The Commission will be making a decision on the candidate and a timeline for the completion of the study at the November 13<sup>th</sup> Commission meeting.

Commissioner Cutler stated that she had forgotten to address an issue with PMR&C. She indicated there is an issue with compliance with Iowa Code §99D.20, which requires the licensee to transmit to the Commission an audit of the financial transactions and condition of the licensee's operations within ninety days after the end of each race meeting. She acknowledged there is a question as to whether "race meeting" means at the end of each race meet or the end of the live racing season. While the Commission has been receiving reports, they have not been audited reports as required by statute. Commissioner Cutler asked PMR&C to comply with the statute, or if they are unable to or have an objection to the statute, to pursue having that particular section of the Code removed and/or amended through legislative action.

As no one had signed up for Public Comment, Chair Seyfer requested a motion to adjourn. Commissioner Cutler moved to adjourn the meeting. Commissioner Hamilton seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

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JULIE D. HERRICK